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- **Governor's Office of Energy Independence and Security**



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JOHN ELIAS BALDACCI
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DIRECTOR
OFFICE OF ENERGY
INDEPENDENCE AND SECURITY

April 1, 2010

Ms. Susan M. Lessard, Chair
Board of Environmental Protection
c/o Terry Hanson
17 State House Station
Augusta, Maine 04333

Re: Calais LNG Project Company, LLC and Calais Pipeline Company, LLC

Dear Chair Lessard:

The Governor's Office of Energy Independence and Security (OEIS) hereby requests that it be designated an interested party or otherwise be afforded a reasonable opportunity to participate, as a state agency, as a party in the Calais LNG Project Company, LLC and Calais Pipeline Company, LLC (collectively, "Calais LNG") environmental permit application process before the Board of Environmental Protection. *See* 06-096 Ch. 30 §5(B) and (C).

The OEIS is established by the Executive Department to carry out responsibilities of the State relating to energy resources, planning and development. 2 M.R.S.A. § 9(1) (Supp. 2007). The Director of the Office works with "state agencies involved in the permitting of energy generation facilities and other relevant entities to negotiate agreements that create value for electricity consumers with developers of renewable generation who are interested in building energy generation facilities, or developing or utilizing energy transmission infrastructure in the State." *Id.* at § 9(H). The Director monitors "energy transmission capacity planning and policy affecting this State and the regulatory approval process for the development of energy infrastructure" and "take[s] action as necessary to carry out the goals and objectives of the state energy plan." *Id.* at §§ 9(H)-(J).

Maine recognizes the importance of diversifying its energy resources. The State of Maine Comprehensive Energy Plan identified the goals of: (1) promoting natural gas as a "transitional fuel" by expanding the natural gas infrastructure to all sectors in Maine and (2) identifying development of liquefied natural gas ("LNG") where economically, socially and environmentally feasible. *See* State of Maine Comprehensive Energy Plan for 2008-2009 at pg. 52. Although natural gas itself is a fossil fuel, it is cleaner-burning and more efficient per btu than fuel oil and coal, and will provide a more environmentally-friendly bridge between Maine's current consumption of fossil fuels and harnessing the State's abundant renewable energy resources. In order to do that, however, projects proposing to increase natural gas availability in Maine must pass the rigorous regulatory and statutory environmental review process exercised by the

Department of Environmental Protection. In addition, the support of the community in which such development is proposed is of critical importance.

Natural gas is an important part of the State's energy mix. In order to successfully and cost-effectively upgrade natural gas services, transmission systems and infrastructures, we must continue to work with natural gas companies, regulators, potential customers, communities and other stakeholders to explore the development of LNG facilities. Natural gas demand is expected to increase and domestic production from conventional natural gas resources in the United States is not expected to keep pace with this projected demand growth. While we must focus on cultivating indigenous, renewable resources such as on- and off-shore wind, solar, biomass and biofuels, geothermal and tidal energy, we must carefully examine the role of LNG, including its safe and efficient storage and transportation, in the State's immediate and future energy plans.

However, development of natural gas supply sources cannot come at any cost. The OEIS wishes to make sure that the proposed project meets the environmental standards of the Natural Resources Protection Act and the Site Location of Development Act. The OEIS is therefore participating in this proceeding to help ensure that the facility is permitted but only in a manner such that it does not unreasonably interfere with existing scenic, aesthetic, recreational or navigation uses of the resources within Washington County (38 M.R.S.A. § 480-D(1)), and that it does not cause an unreasonable adverse effect on the natural environment, including existing uses, scenic character, air quality, water quality or other natural resources in Washington County and the region. (38 M.R.S.A. § 484(3)).

Because Calais LNG is proposing to build and operate an LNG terminal and pipeline within the State of Maine, and because the State has identified natural gas a component of its comprehensive energy plan, and because the Governor's Office of Energy Independence and Security is entrusted to carry out the State's responsibilities relating to energy resources, planning and development, the OEIS has a substantial interest in this proceeding.

For the reasons stated above, I respectfully request that the Board recognize the OEIS interest in these proceedings and afford it the opportunities to participate in these proceedings as allowed by law.

Sincerely,

John Kerry

John M. Kerry
Director
Governor's Office of Energy Independence and Security